

AMENDED IN ASSEMBLY APRIL 14, 2011

AMENDED IN ASSEMBLY APRIL 11, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

## Assembly Joint Resolution

No. 3

### Introduced by Assembly Member Dickinson

*(Coauthors: Assembly Members Achadjian, Allen, Ammiano, Atkins, Beall, Bill Berryhill, Block, Blumenfield, Bonilla, Bradford, Brownley, Buchanan, Campos, Carter, Cedillo, Chesbro, Cook, Davis, Donnelly, Eng, Fletcher, Fong, Fuentes, Furutani, Gatto, Gordon, Hagman, Hall, Hayashi, Roger Hernández, Hill, Huber, Hueso, Huffman, Jeffries, Lara, Bonnie Lowenthal, Ma, Mansoor, Mitchell, Monning, Nestande, Nielsen, Norby, Pan, Perea, John A. Pérez, V. Manuel Pérez, Skinner, Smyth, Solorio, Swanson, Torres, Valadao, Wieckowski, and Yamada)*

February 1, 2011

Assembly Joint Resolution No. 3—Relative to taxation.

#### LEGISLATIVE COUNSEL'S DIGEST

AJR 3, as amended, Dickinson. Federal taxation.

This measure would urge Congress to extend the alternative minimum tax holiday for private activity bonds.

Fiscal committee: no.

- 1 WHEREAS, The federal Tax Reform Act of 1986 classified
- 2 debt issued by publicly owned airports as taxable private activity
- 3 bonds; and
- 4 WHEREAS, The application of the alternative minimum tax
- 5 within the bond marketplace results in investors requiring higher

1 interest rate premiums when airports bring debt issues to market;  
2 and

3 WHEREAS, Airport bonds must typically carry interest rates  
4 1.5 percent higher than nontaxable bonds, costing \$20 million in  
5 increased financing costs for a \$250 million airport project; and

6 WHEREAS, Congress enacted an alternative minimum tax  
7 holiday for private activity bonds resulting in increased levels of  
8 capital projects at airports nationwide; and

9 WHEREAS, Many airport capital construction projects address  
10 a combination of safety, security, and capacity requirements and  
11 will improve the efficiency of airport operations; and

12 WHEREAS, California airports are currently investing  
13 approximately \$2 billion in capital construction projects; and

14 WHEREAS, Capital investments at California airports are  
15 generating hundreds of construction and permanent employment  
16 opportunities; now, therefore, be it

17 *Resolved by the Assembly and the Senate of the State of*  
18 *California, jointly*, That the Legislature respectfully urges Congress  
19 to extend the alternative minimum tax holiday for private activity  
20 bonds to maintain strong capital investments at California airports;  
21 and be it further

22 *Resolved*, That the Chief Clerk of the Assembly transmit copies  
23 of this resolution to the President and Vice President of the United  
24 States, to the Speaker of the House of Representatives, to the  
25 Majority Leader of the Senate, and to each Senator and  
26 Representative from California in the Congress of the United  
27 States.